

A woman with blonde hair is sitting on a wooden ledge. She is wearing a light blue, textured knit cardigan over a white top, and a black skirt with a crocodile-like pattern. She is looking down and to the side. The background is a solid light blue.

CORPORATE GOVERNANCE

2020

STOCKMANN

CORPORATE GOVERNANCE STATEMENT OF THE STOCKMANN GROUP

In its decision-making and corporate governance, Stockmann complies with the Finnish Limited Liability Companies Act, the Finnish Corporate Governance Code issued by the Securities Market Association, the rules of the company's Articles of Association, the Nasdaq Helsinki Guidelines for Insiders, and other applicable legislation and rules. The Corporate Governance Code can be accessed on the website of the Securities Market Association at cgfinland.fi. Stockmann complies with the Corporate Governance Code 2020 in its entirety.

Stockmann plc's Corporate Governance Statement for the 2020 financial year has been compiled in accordance with the Finnish Corporate Governance Code. The statement and up-to-date information on the company's corporate governance are also accessible on the company's website, stockmanngroup.com, under 'Governance'. The Corporate Governance Statement covers the governing bodies of the parent company Stockmann plc, which are responsible for the Group's administration and operations. These governing bodies are the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (CEO). The Statement also deals with the election and working processes of the Board of Directors, the Board Committees' duties and responsibilities, the Shareholders' Nomination Board and Stockmann's management structure. In addition, Stockmann publishes a Remuneration Policy for Governing Bodies and a Remuneration Report in accordance with the Code's requirements.

GENERAL MEETING OF SHAREHOLDERS

The highest decision-making body of Stockmann plc is the General Meeting of Shareholders. Each year, the company's financial statements are presented to the Annual General Meeting for its adoption, and the Meeting decides on the disposal of the distributable funds in the confirmed balance sheet, the election and remuneration of members of the Board of Directors and the discharge of the members of the Board of Directors and the CEO from liability.

The Annual General Meeting is held each year before the end of June. Due to the Corona virus situation and among other things the public meeting restriction ruled by the Finnish Government, Stockmann decided to postpone its Annual General Meeting that was supposed to be held on 18 March 2020. Shareholders and their proxy representatives could participate in the meeting and exercise their rights only by voting in advance and by making counterproposals and presenting questions in advance in accordance with the notice and other instructions by the company. The meeting could not be attended on site. The Annual General Meeting was held on 4 June 2020 in Helsinki. Attending the Annual General Meeting were Lauri Ratia, Chairman of the Board (attended remotely), Jukka Naulapää, Chief Legal Officer, Seppo Kylmäläinen, Chairman of the Annual General

Meeting, Jaakko Laitinen, protocol adjuster and examiner of the minutes, Henrik Holmbom, the company's Auditor (attended remotely) and Paula Määttä (attended remotely) representing Euroclear Finland Oy who operated the registration and voting service at the Annual General Meeting. There were 26 shareholders present personally or represented by proxy at the Meeting, representing 53.5% of the company's registered share capital and 58.1% of the votes.

Stockmann has two series of shares: A shares and B shares. Each A share entitles its holder to ten votes at a General Meeting, and each B share to one vote. The Notice of General Meeting, the meeting documents, the Board of Directors' proposals to be put to the meeting, the Shareholders' Nomination Board's proposal of Board members and other proposals for the General Meeting are available to shareholders at least three weeks prior to the meeting at the company's headquarters and on the company's website at stockmanngroup.com.

BOARD OF DIRECTORS

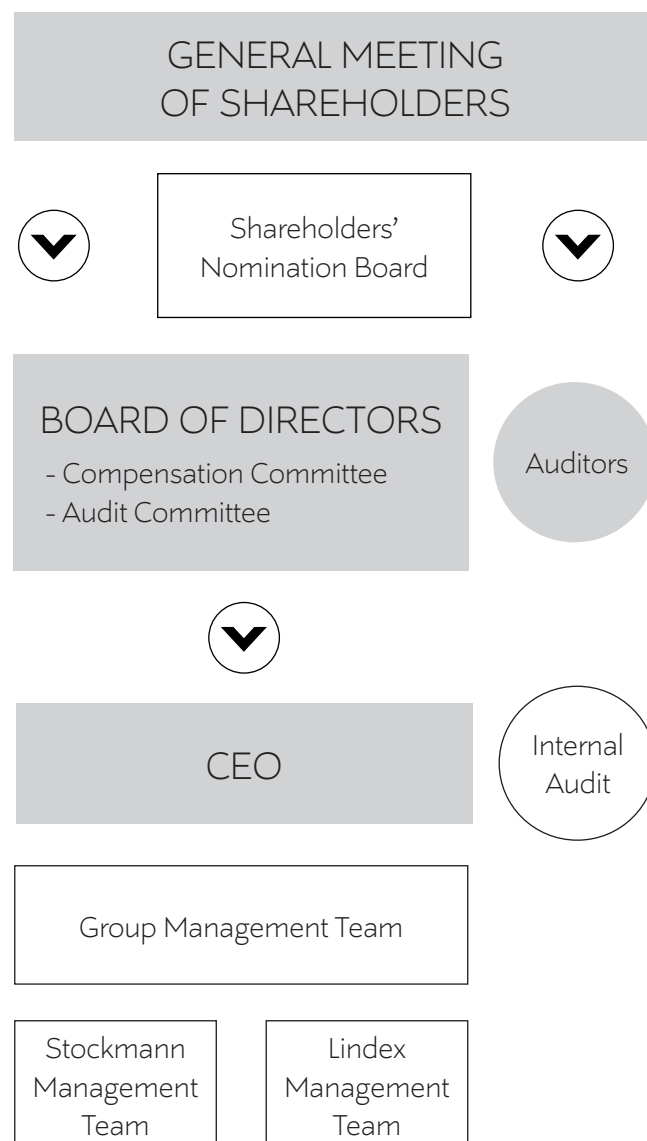
Under Stockmann's Articles of Association, the company's Board of Directors must have at least five and no more than nine members. Board members are elected for a term of one year, starting from the Annual General Meeting in which they are elected and ending at the conclusion of the subsequent Annual General Meeting. The Articles of Association do not contain any restrictions on the election of Board members.

The Board of Directors elects a chairman and vice chairman from amongst its members.

At the end of 2020, the company's Board of Directors was composed of six members elected by the 2020 Annual General Meeting. The members who were re-elected to the Board were Stefan Björkman, Esa Lager, Leena Niemistö, Lauri Ratia, Tracy Stone and Dag Wallgren. No new members were elected to the Board of Directors. At the Board's organisational meeting Lauri Ratia was elected Chairman and Leena Niemistö Vice Chairman. The Board members have no employment or service contract with the company.

The company's Board of Directors also has two personnel representatives. They are not Board members but have the right to be present and to speak at Board meetings. At the end of 2020 the personnel representatives on the company's Board of Directors were Petri Leskelä and Minna Salo.

CORPORATE GOVERNANCE MODEL OF STOCKMANN



The members of the Board must be qualified for their duties and have sufficient time to carry out their Board work. While choosing the members diversity is taken into account, so that the persons represent different fields and professions, international backgrounds, and varying age and gender. The majority of Board members must also be independent of the company, and at least two of these members must also be independent of major shareholders of the company. Four of the Board members are men and two women. Six members are independent of the company. Three members are independent of major shareholders and three members are not independent of major shareholders due to employment relations or service contracts.

The Board of Directors is considered to have a quorum when more than half of its members are present. Decisions are made by majority vote. In the event of a tie, the chairman has the casting vote.

Duties of the Board

The duties and responsibilities of the Board of Directors and its committees are determined by the Articles of Association, the Limited Liability Companies Act and other applicable legislation. The Board of Directors attends to the company's administration and ensures the appropriate organisation of its operations. The Board must also ensure that supervision of the company's accounting and financial management is appropriately arranged.

The Board of Directors has adopted rules of procedure, which can be viewed on the company's website, stockmanngroup.com. The rules of procedure define the principles governing the Board's composition and method of election, its tasks, decision-making procedure and meeting practices as well as the principles for evaluating the Board's performance.

It is the Board's duty to promote the interests of the company and all of its shareholders. In order to carry out its duties, the Board:

- directs and oversees the company's management
- appoints and discharges the company's CEO
- approves the CEO's service agreement and other benefits
- approves the salaries and other benefits for the management
- ensures succession planning for the CEO and the Group Management Team
- approves the company's risk management principles
- assesses and approves the company's long-term strategic and financial objectives

- approves the business and strategic plans and assesses their implementation
- approves the annual budget
- decides on significant individual investments and corporate and property acquisitions
- decides on the company's dividend distribution policy and makes proposals to the General Meeting of Shareholders concerning the dividend to be paid
- convenes General Meetings of Shareholders

In accordance with its rules of procedure, the Board conducts an annual self-evaluation of its operations and working practices under recommendation 13 of the Finnish Corporate Governance Code. The results of the evaluation are used to develop the Board's working processes.

Lindex has an own, internal Board of Directors, that develop the company. Lauri Ratia acted as Lindex's Chairman of the Board until June. Thereafter Jari Latvanen has held the position.

Board meetings

The Board of Directors convenes in accordance with a pre-confirmed timetable and when necessary. The meeting timetable is based on the timetable for the company's financial reporting. In addition, the Board convenes for such occasions as a strategy meeting.

The following representatives of the company's management regularly attend Board meetings: the CEO, the CFO and the Director of Legal Affairs, who acts as secretary at the meeting. Members of the division's Management Teams attend as appropriate. Two personnel representatives who are not members of the Board of Directors also attend Board meetings. One of these representatives is elected by the staff representatives of Stockmann's Group Council and the other by the association representing Stockmann's senior salaried employees. The Board of Directors convened 22 times in 2020. The rate of attendance was 96 per cent.

BOARD COMMITTEES

The Board of Directors has established a Compensation Committee and an Audit Committee among its members at its meeting held on 4 June 2020.

The Compensation Committee prepares matters pertaining to the remuneration and appointment of the Chief Executive Officer and



the other executives, the Remuneration Policy for Governing Bodies and the Remuneration Report, as well as the remuneration principles observed by the company according to the Finnish Corporate Governance Code. The Board elected Lauri Ratia as Chairman of the Compensation Committee, and Stefan Björkman and Leena Niemistö were elected as the other members of the committee. In 2020, the Compensation Committee convened 2 times, and the attendance rate was 100 per cent.

The Audit Committee deals with the preparation of matters relating to the company's financial reporting and control according to the Finnish Corporate Governance Code. The Board elected Esa Lager as Chairman of the Audit Committee, and Stefan Björkman and Dag Wallgren were elected as the other members of the committee. In 2020, the Audit Committee convened 5 times, and the attendance rate was 100 per cent.

The Board Committees assist the Board of Directors by preparing matters falling within the competence of the Board. Thus, the committees are not autonomous decision-making bodies, although they have several monitoring and oversight responsibilities. The committees report to the Board on the matters addressed and makes proposals to the Board for decision-making as appropriate. The rules of procedure of the committees can be viewed on the company's website, stockmanngroup.com.

SHAREHOLDERS' NOMINATION BOARD

The Shareholders' Nomination Board prepares proposals for the Annual General Meeting on the composition and remuneration of the Board of Directors.

The Shareholders' Nomination Board consists of representatives appointed by each of the four largest shareholders. In addition, the Chairman of the Board of Directors will serve as an expert member. The right to appoint a representative belongs to the four shareholders who hold the largest share of voting rights in the company based on their shareholdings registered in the shareholders' register maintained by Euroclear Finland Ltd on the first working day of September preceding the Annual General Meeting. The Shareholders' Nomination Board will be convened by the Chairman of the Board of Directors and it will elect a chairman from among its members. The

members of the Shareholders' Nomination Board will not be remunerated for their membership in the Nomination Board.

The shareholders have nominated the following members to the Nomination Board:

- Gunvor Kronman, Chairman of the Board, Föreningen Konstsamfundet r.f. (Chairman of the Nomination Board)
- Ole Johansson, Treasurer, Society of Swedish Literature in Finland
- Peter Therman, Deputy Chairman of the Board, Hartwall Capital Oy Ab, representing HC Holding Oy Ab
- Kari Niemistö

The rules of procedure of the Nomination Board can be viewed on the company's website, stockmanngroup.com.

In 2020, the Shareholder's Nomination Board convened 2 times, and the attendance rate was 100 per cent.

The Shareholder's Nomination Board is going to give its proposal for the Annual General Meeting (convening on 7 April 2021) concerning the Board of Directors by 26 March 2021.

CHIEF EXECUTIVE OFFICER

MBA Jari Latvanen is Stockmann's CEO since 19 August 2019.

The Board of Directors appoints the company's CEO and decides on the terms and conditions of the post. These terms and conditions are set forth in a written CEO agreement. Information on the CEO's remuneration and the terms and conditions of his post are available in the Remuneration Statement.

The CEO is in charge of the company's governance and operational management in accordance with the instructions and regulations issued by the Board of Directors. He is also responsible for developing general strategic and business plans for presentation to the Board.

OTHER EXECUTIVES

The Board of Directors appoints the members of the Group Management Team. Headed by the CEO, the Group Management Team is responsible for directing operations and for preparing strategic and financial plans. The Management Team's main duties are drawing up and implementing the Group strategy and the divisions' strategies, financial forecasts, earnings development and investments.

The Group Management Team had six members on 31 December 2020: Jari Latvanen, CEO; Susanne Ehnåbåge, CEO of Lindex;

Annelie Forsberg, CFO of Lindex; Pekka Vähähyppä, CFO; Jukka Naulapää, Chief Legal Officer, also secretary of the Management Team; and Tove Westermarck, Chief Operating Officer. The Management Team members report to the CEO. In addition both divisions, Stockmann and Lindex, have their own Management Teams.

Since April 2020, Stockmann has functioned in accordance with the codes of the Restructuring Act, which has meant that the administrator Jyrki Tähtinen has participated in the Board meetings and issued directives regarding the handling of restructuring debts and payments and provided reports to the Creditors Committee.

INTERNAL CONTROL AND INTERNAL AUDIT

The implementation of internal control is the responsibility of the Board of Directors. The objective of internal control is, among other things, to ensure the efficiency and profitability of operations, the reliability of information and compliance with rules and regulations. Internal control is a part of day-to-day management and the company's administration.

An essential part of internal control is the Internal Audit, which operates independently under the CEO and reports its observations to the Board of Directors. The Internal Audit supports the Group's management in directing operations by assessing the efficiency of business activities, risk management and internal control, and by providing management with information and recommendations for enhancing efficiency in these areas. Internal Audit also audits the business and financial reporting processes. The Internal Audit Charter has been approved by Stockmann's Board of Directors. Internal Audit's operations are based on risk assessment and an emphasis on the development of business operations.

RISK MANAGEMENT

The goal of risk management is to secure the Group's earnings development and to ensure that the company operates without any disturbances by controlling risks in a cost efficient and systematic manner in all divisions. The Board of Directors has approved the company's risk management principles, which concern all of the Stockmann Group's divisions and areas of business.

Stockmann's Board of Directors and the Group Management



Team regularly evaluate the risk factors to which business operations are exposed and the sufficiency of risk management actions as part of the strategy process. Risk management is supported by internal control systems and guidelines. Risk management guidelines have been drawn up separately for the following areas, among others: IT and information security, finance operations, responsibility issues, misconduct, security and insurance.

Stockmann's business is exposed to various risks that may have an adverse effect on the company's operations. The divisions' management are responsible for making financial and strategic plans in their own units; identifying and analysing business risks and evaluating treatment actions is a part of strategy planning. Business risks are also analysed outside the strategic process, especially in connection with significant projects and investments, and are reported to the Board of Directors as needed.

The Group's risk management task is to support business operations in recognising and managing such risks, that may endanger or prevent Stockmann from achieving its strategic goals. The risk map on Group level is updated yearly in connection with the strategy work, and additional risks on operative level are recognised, followed up and managed in different units and projects.

Risk factors

Business risks comprise all the factors that may jeopardise or prevent the achievement of the strategic goals of the Group or an entity belonging to it. Stockmann's key risks are divided into three risk areas:

- Business environment risks, which refer to risk factors that are external to the company. Should they materialise, they may have a major impact on the company's ability to operate and on profitability. Such risk factors include fundamental and unexpected changes in the market development and consumer purchasing behaviour, decreasing purchasing power, risks related to tenants in the Group's properties and the country-specific risks.
- Operative and accident risks, which refer to risks related to the company's functions. Should they materialise, they may lead to an interruption of business operations, inefficiency and unprofitability. Such risks include personnel, misconduct, ICT and information security risks, supply chain, as well as risks related to the information used in decision-making.

- Financial risks, which, should they materialise, would adversely affect the Group's profit, balance sheet and liquidity. Financial risks, including risks arising from exchange rate and interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

In the current situation, the Covid-19 pandemic has caused deep, unexpected effects not only in Stockmann Group's business and business environments, but in societies and communities globally and continues to cause great impact on Stockmann Group's operations. Risk factors and sources of uncertainty are explained in further detail in the Report by the Board of Directors.

Main features of the risk management systems and internal control pertaining to the financial reporting process

The Board of Director and its Audit Committee are responsible for the implementation of internal control in regard to financial reporting. The Group's Chief Financial Officer and the Finance Department are responsible for the Group's financial reporting. Group-level directions are complied with in Stockmann's financial reporting. The reporting is based on information from commercial and administrative processes and data produced by the financial management systems. The Group's Finance Department determines the control measures applied to the financial reporting process. These control measures include various guidelines, process descriptions, reconciliations, and analyses used for ensuring the validity of the information used in the reporting and the validity of the reporting itself.

The financial reporting results are monitored and any anomalies in relation to forecasts or in comparison with the previous year's figures are analysed on a regular basis. Such analyses are used to detect any reporting errors and to produce materially accurate information on the company's finances.

The divisions and the Group's Finance Department are responsible for the effectiveness of internal control within their own sphere of responsibility. The Group's Finance Department is responsible for assessments of the reporting processes. The risk management process includes assessment of the risks pertaining to financial reporting, and the related treatment measures are determined as a part of the risk management process.

INSIDERS

Stockmann complies with the insider guidelines prepared by the Nasdaq Helsinki Oy.

As a result of the EU's Market Abuse Regulation ("MAR") that entered into force on 3 July 2016, Stockmann has no longer public insiders. Counted as the company's persons discharging managerial duties, are the members of the Board of Directors, the Chief Executive Officer, the members of the Management Team and the auditors. Stockmann's Board of Directors has decided that the restriction on trading in the company's shares by persons discharging managerial duties is 30 days before the publication of an interim report or the financial statements.

AUDITORS

The auditors appointed by the General Meeting audit the company's accounting, financial statements and administration. The company has a minimum of one and a maximum of three auditors, who have a minimum of one and a maximum of three deputies. The term of the auditors begins from the Annual General Meeting in which they were appointed, and ends at the close of the next Annual General Meeting.

The Annual General Meeting of 2020 elected as the company's auditors Henrik Holmbom, Authorised Public Accountant, and Marcus Tötterman, Authorised Public Accountant. Both auditors represent the audit firm KPMG Oy Ab. The Audit firm KPMG was appointed as the deputy auditor.

The Board of Directors proposes to the Annual General Meeting 2021 that the audit firm Ernst & Young be elected.

Currently, audit firm KPMG acts as the Stockmann Group's auditor in all countries of operation and in all subsidiaries except in the UK. In 2020, the fees relating to the auditing process amounted to EUR 0.4 million and the fees for tax counselling and other services to EUR 0.3 million.

This Corporate Governance Statement will be issued as a separate report in conjunction with the Report by the Board of Directors and the Financial Statements for 2020.

Approved by the Board of Directors of Stockmann plc on 4 March 2021.

BOARD OF DIRECTORS



LAURI RATIA

b. 1946
Finnish citizen
M.Sc.(Eng.), Industrial Counsellor

Chairman of the Board 2019–

Chairman of the Compensation Committee,
Member of the Shareholders' Nomination Board

Independent of the company

Relevant work experience
CRH plc, Senior Advisor, Russia 2007–2008,
Scancem International ANS, Deputy Executive Director of the Cement industry 1996–1997
Lohja Rudus Oy Ab, CEO 1994–2007
Euroc Abp, Head of the Concrete and Aggregate Division 1994–1996

Principal positions of trust
Elematic Oy,
Member of the Board 2018–
Sibelius Society of Finland,
Chairman of the Board 2016–
Terrafame Oy,
Chairman of the Board 2015–
Armada Mezzanine Capital Oy,
Member of Industrial Advisory Board 2010–

Shares
Series B shares: 65 504



LEENA NIEMISTÖ

b. 1963
Finnish citizen
D.Med.Sc.

Vice Chairman of the Board 2016–

Member of the Compensation Committee

Independent of the company and major shareholders

Relevant work experience
Dextra Oy,
CEO 2003–2016
Pihlajalinna Plc,
Deputy CEO 2013–2016

Principal positions of trust
Raisio plc,
Member of the Board 2017–
Pihlajalinna plc,
Member of the Board 2013–
Nexstim plc,
Chairman of the Board 2019–
Yliopiston Apteekki,
Member of the Board 2016–
The Finnish Fair Corporation,
Member of the Board 2016–
Finnish National Opera and Ballet,
Chairman of the Board 2016–
Securities Market Association,
Member of the Board 2018–

Shares
Series B shares: 41 613



STEFAN BJÖRKMAN

b. 1963
Finnish citizen
M.Sc.(Tech.)

Member of the Board 2019–

Member of the Compensation and the Audit Committee

Independent of the company

Relevant work experience
Föreningen Konstsamfundet rf.,
Managing Director 2018–
Ilmarinen,
Deputy Managing Director, Acting Managing Director 2018
Etera, Managing Director 2014–2018
Aktia, Deputy Managing Director and CFO 2008–2014
Aktia, Deputy Managing Director 2006–2008
Oral Hammaslääkärit Oy,
Managing Director 2006

Principal positions of trust
KSF Media,
Chairman of the Board 2018–
Amos Rex,
Member of the Board 2018–
CorGroup, Member of the Board 2007–2014, 2017–
Coronaria Oy,
Chairman of the Board 2007–

Shares
Series B shares: 22 751



ESA LAGER

b. 1959
Finnish citizen
LL.M., M.Sc.(Econ.)

Member of the Board 2017–

Chairman of the Audit Committee

Independent of the company and major shareholders

Relevant work experience
Outokumpu Group,
deputy to the CEO 2011–2013
CFO 2005–2013
Corporate Treasurer and Head of Administration 2001–2004
Finance Director 1995–2000
Assistant Director 1991–1994

Principal positions of trust
Ilkka-Yhtymä Oy, Deputy Chairman of the Board, Member of the Board 2011–
Sato Oy,
Member of the Board 2014–
Alma Media Oy,
Member of the Board 2014–
Terrafame Oy, Member of the Board 2015–

Shares
Series B shares: 29 649



TRACY STONE

b. 1962
British citizen

Member of the Board 2018–

Independent of the company and major shareholders

Relevant work experience
Polly King & Co,
CEO 2017–
Perry Ellis International,
Interim Managing Director Europe 2017
LK Bennet, Commercial Director 2015–2017
Gant AB, Interim COO 2013–2015
Gant AB, Global Sales Director 2012–2013
Gant UK,
Managing Director 2006–2012

Shares
Series B shares: 27 912



DAG WALLGREN

b. 1961
Finnish citizen
M.Sc.(Econ.)

Member of the Board 2011–

Member of the Audit Committee

Independent of the company

Relevant work experience
Svenska litteratursällskapet i Finland r.f.
Managing Director 2008–
Finance Director 1997–2008
Ab Kelonia Oy,
Managing Director 2000–2008

Principal positions of trust
Ab Kelonia Oy,
Member of the Board 2009–
Schildts & Söderströms Ab,
Member of the Board 2009–
Veritas Pension Insurance,
Member of the supervisory Board 2012–

Shares
Series B shares: 38 891

**Personnel representatives**

At meetings of the Board of Directors, personnel representatives have the right to attend and to speak. They are not members of the Board of Directors.

PETRI LESKELÄ

b. 1970
Finnish citizen

Chief shop steward, Stockmann

Personnel representative, elected
by Stockmann's Group Council

MINNA SALO

b. 1967
Finnish citizen

Development Manager,
ICT, Stockmann

Personnel representative elected
by Stockmann's senior salaried
employees

Details of the Board of Directors at 31 December 2020.

Up-to-date information on the Board of Directors is available on Stockmann's website stockmanngroup.com.



GROUP MANAGEMENT TEAM



JARI LATVANEN

b. 1964
Finnish citizen
MBA
CEO 2019–

Joined Stockmann in 2019

Relevant work experience

HKScan Oyj,
CEO and President 2016–2018
Stora Enso,
Executive Vice President, Head of
Consumer Board 2014–2016
Findus, Chief Executive Officer,
Findus Nordic 2010–2014
Nestlé Czech Republic and Slovakia,
Managing Director 2008–2010
Nestlé SA, Assistant Vice President,
Zone Europe 2007–2008
Nestlé Sweden,
Managing Director 2003–2006
Nestlé Nordic,
Managing Director 2001–2003

Principal positions of trust

E&A Invest Oy,
Chairman of the Board 2019–



SUSANNE EHNÅGE

b. 1979
Swedish citizen
M.Sc.(Econ.)
CEO, Lindex 2018–

Joined Stockmann in 2018

Relevant work experience

NetOnNet Group,
CEO 2016–2018
Interim CEO 2015–2016
SIBA AB,
Managing Director 2014–2017
Interim Managing Director
2011–2014
Market Director 2008–2011

Principal positions of trust

Mio AB,
Member of the Board 2015–



ANNELIE FORSBERG

b. 1972
Swedish citizen
M.Sc.(Econ.)
CEO, Lindex 2018–

Joined Stockmann in 2018

Relevant work experience

NetOnNet AB,
CFO 2017–2018
Lagerhaus AB,
Acting CEO 2016
Lagerhaus AB,
CFO 2016
Intersport AB,
CFO 2012–2015
ICA Nonfood AB,
CFO 2010–2012
ICA Nonfood AB, Head of
Business Controlling 2008–2010
Gulins Fastigheter,
CFO 2006–2008
Coop Norden AB,
Head of Accounting 2001–2006
Bure Equity publ, Capio, Head of
Treasury & Accounting 1999–2001

Principal positions of trust

Nordic Cleanroom AB,
Member of the Board 2018–



JUKKA NAUTILAPÄÄ

b. 1966
Finnish citizen
LL.M.
Chief Legal Officer 2006–

Joined Stockmann in 1998

Relevant work experience

Stockmann plc,
Secretary of Stockmann Board and
Management Committee 2001–
Company Lawyer 1998–2006
Law Firm Hepo-Oja & Lunnas Oy,
Attorney 1991–1998

Principal positions of trust

Lindex,
Member of the Board 2018–
Tuko Logistics Cooperative,
Member of the Board 2018–2020



PEKKA VÄHÄHYYPÄ

b. 1960
Finnish citizen
M.Sc.(Econ.), EMBA
CFO 2019–

Joined Stockmann in
2000–2015, 2019

Relevant work experience

Finnair plc,
CFO 2015–2019
Finnair plc,
Interim CEO 2018
Stockmann plc, Executive Vice
President and CFO 2008–2015
Stockmann plc,
CFO 2000–2015
Nestlé Nordic and Sweden, Director,
Finance & Control 1997–1999
Nestlé Finland,
CFO 1994–1996
OKO-Venture Capital,
Director 1991–1994
A-lehdet Oy,
CFO 1986–1990

Principal positions of trust

Vincit plc,
Member of the Board 2019–
Lyy-Invest Oy,
Member of the Board 2002–



TOVE WESTERMARCK

b. 1968
Finnish citizen
M.Sc.(Econ.)
Chief Operating Officer,
Stockmann division 2019–

Joined Stockmann in 1991

Relevant work experience

Stockmann plc,
Director, Development 2014–2015
Director, Department Store
Division's distance retail business
2013–2014
Director, department stores in
Russia 2008–2013
Sales Director, department stores in
Russia 2007–2008 Marketing
Director, international operations
2005–2007
Director, Tallinn department store
2004–2005
Marketing Manager, Helsinki city
centre department store 2001–2004
Sales Manager, Helsinki city centre
department store 1999–2000

Principal positions of trust

Tuko Logistics Cooperative,
Vice Member of the Board
2018–2020

Details of the Management Team at 31 December 2020.

Up-to-date information of the Management Team is available on Stockmann's website stockmanngroup.com.

Shares

Series B shares: 1 000



REMUNERATION POLICY FOR GOVERNING BODIES

1. Remuneration Policy

This remuneration policy (the “Remuneration Policy” or “Policy”) sets the framework for the remuneration of the governing bodies i.e. the Board of Directors (hereinafter the “Board”) and the Managing Director (hereinafter “CEO”) of Stockmann plc (hereinafter the “company”, and together with its group companies “Stockmann”).

The remuneration report providing information on the remuneration paid during the previous financial period is available as a separate document.

2. Introduction

The remuneration of the Board members may consist of annual compensation and meeting fees paid for each meeting attended as approved by Stockmann’s Annual General Meeting (hereinafter the “AGM”). The annual compensation shall be in proportion to the time commitment required from the Board members and be competitive to attract and retain professionals with strong expertise, experience and knowledge relevant for their position as Board members of the company in conducting the Board’s responsibilities, including establishment of strategic and financial directions with relevant targets and monitoring their implementation. Thereby, this Remuneration Policy contributes to Stockmann’s long-term financial performance and success.

The rewarding strategy of the CEO is to create shareholder value by competitive remuneration, pay for performance and incentives aligned with Stockmann’s strategy. Reflecting this reward strategy, the remuneration of the CEO aims at providing competitive remuneration

and rewards in line with the relevant market practices in order to recruit, retain and motivate the individual chosen for the position.

The pay and employment principles and terms of Stockmann’s employees and the overall remuneration strategy applied by Stockmann shall be taken into account when setting the remuneration policy for the CEO. In order to attract and retain a highly motivated and competent personnel, Stockmann aims to offer its employees a competitive and market aligned total rewarding, consisting of a performance-based rewarding system aligned with Stockmann’s short-term targets and long-term financial success.

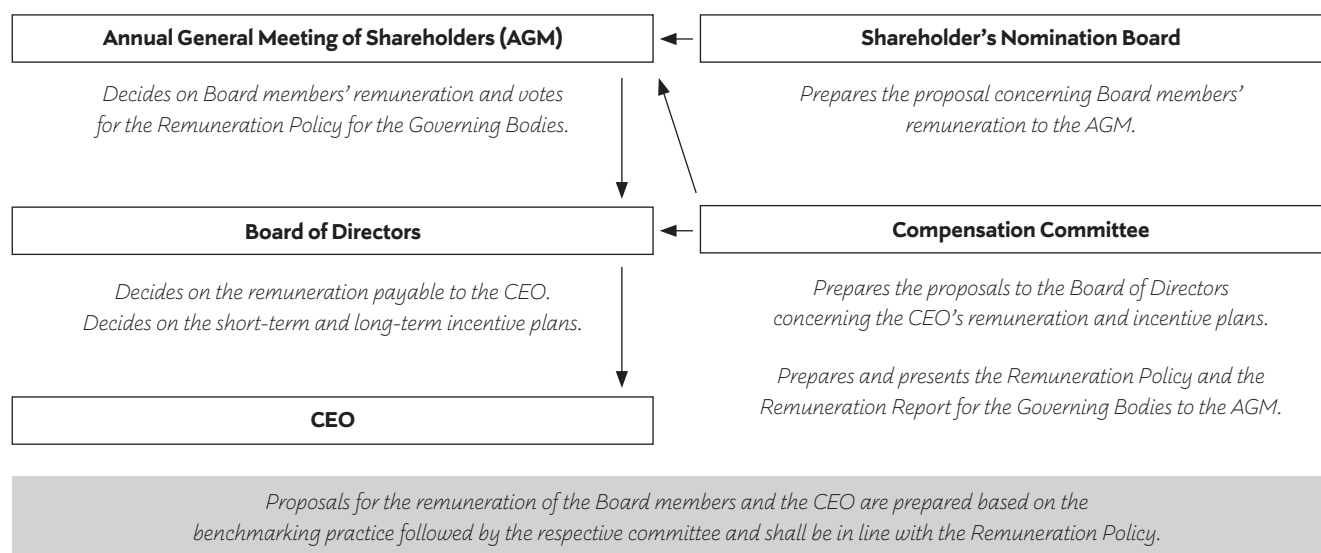
The aim for the remuneration is to contribute to achieving sustainable short and long-term results, the fulfilment of the Stockmann’s strategy, values and long-term interests of the shareholders through motivated and result-oriented employees. The remuneration is based on market level alignment, performance, competence, experience and scope/complexity of the role.

Stockmann has rewarding programmes that cover every employee based on divisions, functions, job role and local market’s

needs. With regards to variable performance-based rewarding, management and different functions may have their own specific schemes and the higher up in the organization the job role is, the higher is the variable pay proportion of the total earning opportunity. In addition to the base and variable pay, Stockmann offers a range of fringe benefits.

3. Decision-making procedure in remuneration related matters

Stockmann’s highest decision-making body is the Annual General Meeting (AGM). The AGM decides on the remuneration and other benefits to be paid to the members of the Board of Directors for their board and committee work annually. The proposal for the remuneration of the Board members is prepared by the Shareholders’ Nomination Board. The decision-making procedure related to the CEO’s remuneration involves the Compensation Committee of the Board and the Board of Directors as presented below.





Decision-making in share-based remuneration: The Board will decide on share-based incentive schemes for the CEO within the limits of the Remuneration Policy. The actual delivery or issuance of shares to the CEO under a share-based incentive scheme is either based on a decision of the AGM or an authorization granted by the AGM to the Board. The issuance of special rights entitling to shares of the company such as stock option rights correspondingly either requires an AGM decision or an authorization granted by the AGM to the Board. Currently Stockmann does not have any share-based incentive schemes.

Measures for the prevention and management of conflicts of interest:

The decision-making procedure in remuneration related matters follow principles aimed at ensuring the prevention and the management of conflicts of interest. The underlying principle is that the corporate body which appoints the respective corporate body also decides on its remuneration. The majority of the members of the Compensation Committee shall be independent of the Company. As regards the remuneration of the Board of Directors, the Chairman of the Board of Directors, who acts as an expert member of the Shareholders' Nomination Board, does not take part in the preparation of or decision-making in matters in the Shareholders' Nomination Board which concern Board remuneration. The company complies with its Code of Conduct, the Finnish Companies Act, other applicable laws and regulations as well as the Finnish Corporate Governance Code adopted by the Securities Market Association which stipulate governance procedures and rules for the avoidance of conflicts of interest. The decision-making process described above aims at guaranteeing that the decisions are fair and unbiased.

4. Remuneration of the Board

The proposal for the remuneration of the Board members to AGM is prepared by the Shareholders' Nomination Board and AGM decides on the remuneration payable to Board members. Subject to as in each case decided by the AGM, the remuneration of the Board members may consist of annual compensation and meeting fees paid for each meeting attended. The annual fee may either solely comprise a cash payment or may be split into a component paid in shares of Stockmann and in cash. The shares may be subject to a transfer restriction as decided by the AGM.

Additional or higher compensation may be paid to Board members based on various grounds, such as (but not limited to) the role as the Chairman or Vice Chairman of the Board or as the Chairman, Vice Chairman or as a member of a Committee established by the Board, or specific tasks designated to individual Board members, or the geographical location of the meeting. Traveling expenses of the Board members are compensated in accordance with Stockmann's policy.

The Board members shall not participate in Stockmann's incentive or share option schemes directed to key personnel in order to safeguard the Board members' independence in the performance of their duties.

5. Remuneration of the CEO

The Board of Directors decides on the CEO's salary and other benefits on the basis of proposals by the Compensation Committee. The remuneration of the CEO consists of a fixed salary which includes fringe benefits, as well as a performance-based incentives which may include short-term and long-term targets.

The criteria for the remuneration of the CEO are reviewed and the results of such reviews are regularly reported to the Compensation Committee and the Board. The reviews aim to follow the impact of the remuneration criteria on promoting Stockmann's long-term financial success. The key elements of the CEO's remuneration and their link to Stockmann's strategy and long-term financial performance are described in the table below.



Remuneration element	Purpose and link to strategy	Opportunity and principles
Annual base salary	Provides a competitive level of fixed remuneration.	The fixed annual base salary is defined as a gross salary and reviewed annually, as part of the review of the CEO's total compensation.
Fringe benefits	Provides benefits for the position in line with local market practices.	The CEO is entitled to fringe benefits following the applicable Stockmann policy as may be amended from time to time and in line with local market practices. Such benefits may include, but are not limited to, a company car and a mobile phone benefit. The CEO may be entitled to potential additional insurance such as but not limited to travel and medical expenses insurance.
Short-term incentives ("STI")	Rewards for performance within a year or other period of time determined by the Board, based on achievement of company's short-term financial targets to promote the company's success.	<p>The weightings and the target levels for the selected performance measures applicable to the STI of the CEO are set annually by the Board to ensure they are relevant to the position, take into account the most up-to-date business plan and continue to support Stockmann's business strategy. The targets may consist but are not limited to of a mix of financial metrics as well as e.g. operational, safety and sustainability related metrics, key development projects and other targets deemed relevant by the Board. The Board reviews the STI performance annually and determines the extent to which each of the targets have been achieved, to determine the final pay-out level.</p> <p>The CEO's STI earning opportunity is set on a market-competitive level and may be up to 60% of the annual base salary, and in case of exceptional performance up to 120% of the annual base salary.</p>
Long-term incentives ("LTI") and share-based remuneration	Incentivizes and rewards over a longer period of time for sustained performance and sustainable growth and aligns the interests of the CEO with the shareholders.	<p>The Board may establish and maintain LTI plans in the company in which the CEO is eligible to participate.</p> <p>The structure, performance measures and performance target levels of LTI plans in which the CEO is eligible to participate are determined by the Board and may vary by plan. The LTI plans may include one or several plan structures such as, but not limited to, performance share plan structures, structures requiring the CEO's own investment in the company's shares and other structures. The LTI plan period shall be no less than three years unless otherwise decided by the Board. The LTI performance criteria may be include, but is not limited to, measures linked to Group level long-term financial success and strategic priorities, performance against competitors, relative or absolute shareholder return and shareholder value creation, and other performance measures. The Board will review the LTI performance at least annually and determines the extent to which each of the targets have been achieved and determines the final pay-out level. The LTI rewards may be settled in shares of Stockmann, cash or both.</p> <p>The CEO's LTI earning opportunity is set on a market-competitive level and may be up to 60% of the annual base salary.</p>
Pension	Rewards sustained contribution.	The CEO's pension accumulates, and the retirement age is determined in accordance with Finnish employment pension legislation. The pension will accrue on the basis of the Employees' Pensions Act. A separate additional voluntary pension is not paid.
Shareholding requirement	Encourages to accumulate shareholding in the company and aligns the interests of the CEO with the shareholders.	The CEO may be expected to accumulate and, once achieved, to maintain a specific minimum shareholding in the company as determined by the Board. The terms and conditions once a LTI system is established may include provisions based on which the CEO is expected to retain in his/her ownership a specific minimum proportion of the share rewards received under the LTI plans until the required shareholding level has been achieved.
Service contracts and loss of office payments	Ensures contractual terms are followed.	<p>The CEO agreement is approved by the Board. Its terms specify the remuneration elements as well as the payments upon termination of service. The contract is typically valid until further notice, but it may be in force for a certain fixed period of time as well.</p> <p>The CEO's period of notice is six months, for both the company and the CEO, unless otherwise determined in the CEO agreement. During the notice period, the CEO is entitled to normal salary payments. Severance pay for the CEO may be agreed to a total maximum of 9 months' base salary in addition to the six months' salary paid for the notice period upon the termination of the CEO's service by the company, unless otherwise determined in the CEO agreement.</p> <p>The treatment of STI and LTI awards shall depend on the circumstances of the CEO's departure. For retirement and involuntary termination by the company without cause, the CEO may be entitled to the STI and LTI rewards or a portion thereof as determined by the Board based on the rules of the respective incentive scheme. If the CEO terminates his/her contract at his/her own initiative, the unvested rewards are as a main rule forfeited unless otherwise determined by the Board.</p>
Withholding and clawback of rewards	Ensures pay for performance.	<p>The STI and LTI plan rules may allow the Board to withhold or reject the payment of unvested rewards in exceptional or substantially changed circumstances.</p> <p>The Board may, in addition, on certain grounds referring to exceptional gross misconduct recover a reward already paid.</p>
Previously agreed or granted awards	The Board reserves the right to make remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) to the CEO in accordance with terms of payment agreed prior to the presentation of this Policy to the AGM although such terms of payment may not be in line with this Policy.	

6. Deviation from this Policy

If the continued adherence to the Policy would in the opinion of the Shareholders' Nomination Board (with respect to Board remuneration) or the Board (with respect to CEO remuneration), after careful consideration, not be appropriate or well-grounded anymore in the following circumstances and on the following grounds, the company may temporarily deviate from this Policy. In the assessment of its long-term interests the company may among other aspects take into account its long-term financial success and performance, its competitiveness, safeguarding the undisturbed continuation of its business and the undisturbed implementation of its business strategy and financial targets and/or the development of the shareholder value.

Among the grounds for deviating from this Policy may be (provided that the ground occurs after this Policy was presented to the AGM) a structural change (change in Stockmann's corporate, group, business or organizational structure or a material change in the company's ownership structure), a personnel change (such as changes in the Board or in the top management of Stockmann or need to recruit a CEO or deputy to the CEO), other exceptional or unexpected event or change or materially changed circumstances in Stockmann or in its business or operating environment or a material change in Stockmann's strategy or business plan, financial position or outlook, regulatory or judicial changes, changes in governmental or administrative orders or in taxation or taxation practice or other change or circumstances not specified above if it is after careful consideration deemed that a deviation is necessary or advisable in order to safeguard Stockmann's long-term interests or sustainability such as, without limitation, in order to ensure the continuity of Stockmann's management.

The deviation from this Policy may in the Board's full discretion concern any and all the elements of this Policy and of payable remuneration, including, but not limited to, the amount, type, elements and conditions of payable remuneration and the terms applied thereto.

The procedure to be followed in the deviation from this Policy shall be the same as the decision-making procedure for the implementation of this Policy described above in this Policy and if the deviation concerns Board remuneration, the decision-making may involve an annual or extraordinary shareholder meeting as applicable in the individual circumstances. The deviation and its grounds shall be reported in the next annual Remuneration Report and presented to the next AGM as part thereof.